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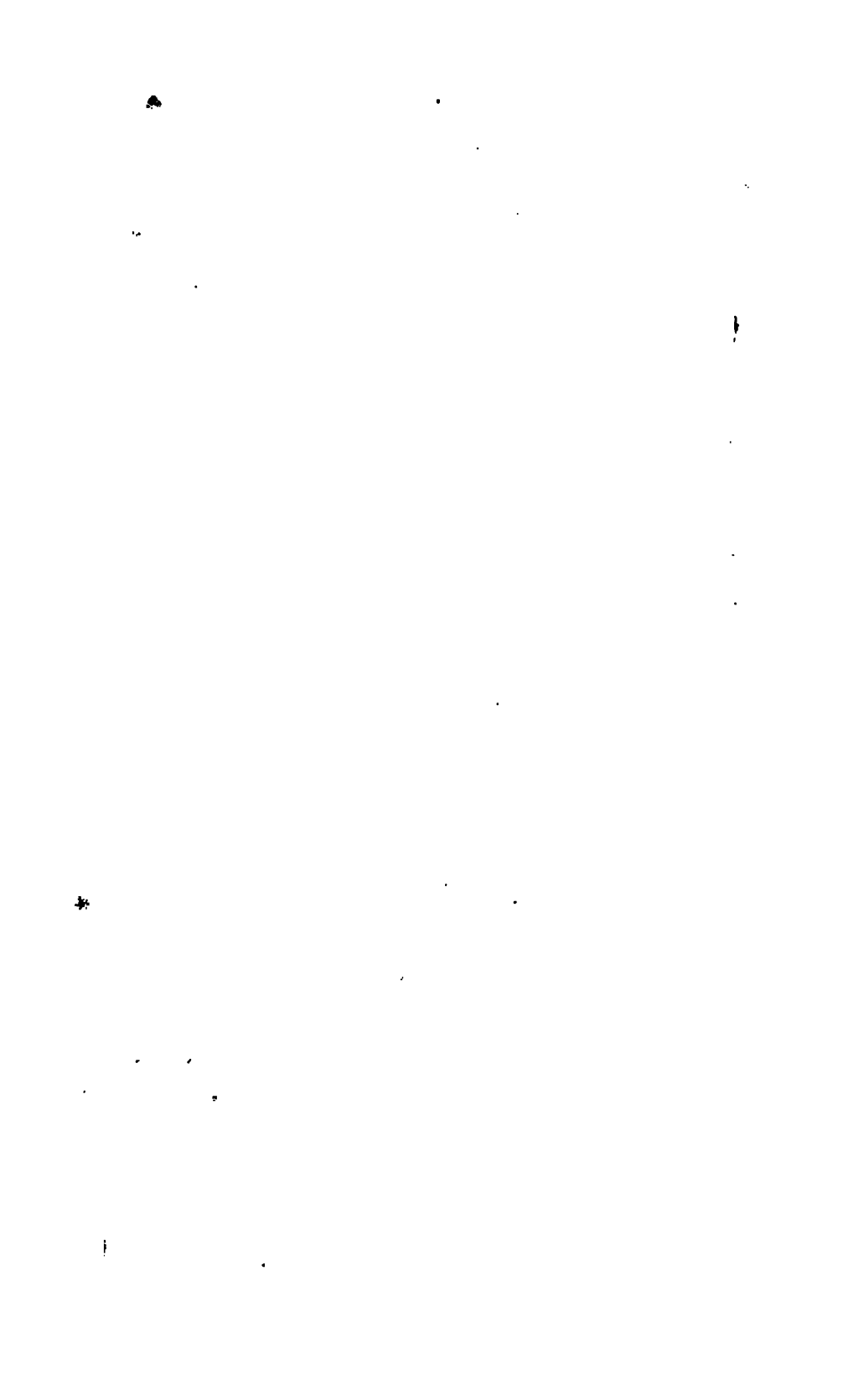
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McKean
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SIT



ADDRESS

BY THE MANAGER OF THE

[John McLean]

Scottish Widows' Fund,

AND

LIFE ASSURANCE SOCIETY,

INSTITUTED

JANUARY 2, 1815:

CONTAINING

AN ACCOUNT OF THE ORIGIN, CONSTITUTION,
AND PROGRESS OF THE SOCIETY.

READ AT 15TH GENERAL ANNIVERSARY MEETING OF THE SOCIETY,
HELD ON 15TH JANUARY 1829.

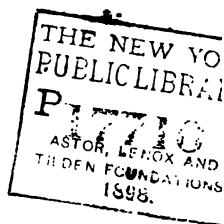
Second Edition.

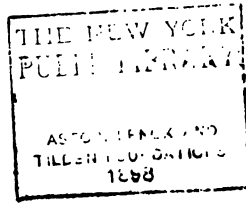
EDINBURGH:

PRINTED BY J. MOIR, W. REGISTER STREET.

1830.

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*Excerpt from Minutes of General Court of the Society,
held 15th January 1829.*

“ It was moved and seconded, and unanimously
“ **RESOLVED**, That the thanks of the General Court be
“ given to Mr M’KEAN, the Manager, for the **ADDRESS**
“ this day read by him to the Court, and that the same
“ be printed and circulated amongst the Members of
“ the Society.”

PROV. W. 111
21804
V. 111

ADDRESS, &c.

LIFE ASSURANCE, viewed in its most abstract form, as a contract between two parties, the one engaging, in consideration of a stipulated premium, to grant a certain indemnity to the other in the event of the happening of some contingency depending on the termination of life or survivorship, is of very considerable antiquity. There exists evidence of its having been known in France so early as 1661 : but it was long viewed in that country as an illegal contract, and still continues, it is believed, to be considered in this light by several of the continental states in Europe.*

In England these prejudices soon gave way to more liberal and enlightened views of the subject, and associations were formed for the purpose of Life Assurance.

* The following extract, from a recent French work on the subject, will shew that the state of public feeling is now much altered in France in regard to Life Assurance. " S'il est des individus qui présentent dans leur caractère, et leur conduite des traits bizarres dont il est impossible de se rendre raison, il est aussi des nations qui, dans leur plus haut degré de civilisation, offrent les contrastes les plus frappans, et qui paraissent incompatibles avec leur supériorité dans les arts, les sciences et l'état de leurs lumières en général. Tel est le point de vue sous lequel la France se présentait tout récemment aux yeux de l'observateur, sous le rapport de plusieurs établissemens utiles qui lui manquaient, comme, par exemple, ceux connus sous le nom d'*Assurances sur la Vie*. Il est bien

In the original charter of incorporation granted by Queen Anne to the Amicable Society, in 1706, the recital clause narrates, that "several parties therein named had agreed upon and entered into a voluntary society for the mutual benefit and interest of any person that shall at any time be a member thereof, in order to provide for their wives, children, and other relations, after a more easy, certain, and advantageous method than any that hath hitherto been thought of, by an amicable contribution, according to certain articles or agreements entered into by the said parties :—" which design," it proceeds to state, had been certified to Her Majesty, "will be of singular use and relief to many families, by providing for great num-

"étonnant que, pendant que celles ci fructifient chez nos voisins depuis plus d'un siècle, et semblent même y avoir atteint l'apogée de leur prospérité ; que pendant que la Hollande, Hambourg, Berlin, Saint Petersbourg, Copenhague, sont plus ou moins riches en pareils établissemens, et qu'enfin ils sont répandus dans la plus grande partie de l'Europe et aux Etats-Unis d'Amérique ; il est bien étonnant, dis-je, que la France, il y a tout au plus cinq ans, n'en comptât pas un seul dans son sein. L'étonnement redouble quand on pense que les mathématiques qui servent de basé à ces assurances y brillent du plus vif éclat, et que le calcul des probabilités qui leur est plus particulièrement applicable, non seulement a pris naissance chez nous dès le dix septième siècle, mais qu'il y est poussé aujourd'hui beaucoup plus loin que chez le Anglais eux-mêmes, qui passent pour les premiers auteurs des institutions de ce genre."—*Coup-D'Oeil sur les Assurances sur la Vie des Hommes (Quatrième Edition,) par J. B. JUVIGNY, de la Société Royale Academique des Sciences de Paris,*

“bers of widows and orphans, who might probably be otherwise left wholly destitute of a maintenance, by the sudden death of those on whom they depend.”

The Royal Exchange and London Assurance Companies were also empowered by charter, at a very early date, to grant life assurances; and, both at this period and subsequently, policies of assurance on lives were underwritten by individuals in the same way as marine risks.

The correct principles, however, on which the business of Life Assurance should be carried on, were at this time so little understood, that a scale of premiums, graduated according to the age and circumstances of the parties, was wholly unknown. In a pamphlet in my possession, printed at London in the year 1680, in which the whole doctrine of the value of life, as then understood and acted upon, is very distinctly laid down, the utmost value allowed to the best life was seven years purchase, at which rate, without discrimination, the life of a ‘healthful’ man, at any age between 20 and 40, was valued, while that of an aged or sickly person was taken at from five to six years purchase,—the various limits between these two extremes constituting the whole range of difference in value then assumed to exist. Accordingly, on examining the regulations in the original charter of the Amicable Society, we find that one uniform rate of contribution was demanded from all the members, and that the only attempt at a rateable or

classified distribution of the common stock thus raised, was made by means of an appropriation of a greater or less share of the funds to the nominees of members, in proportion to the endurance of the period of their survivorship from the time of their joining the scheme, and to the number of deaths happening in that particular year in which the claim arose.

It would be out of place here, to trace with any minuteness the gradual discovery and application of correct principles to the business of Life Assurance. Although Dr HALLEY had, towards the end of the seventeenth century, thrown very considerable light on the subject, by the publication of an ingenious Essay concerning the Valuation of Lives, partly built upon five years observation of the bills of mortality taken at Breslaw, the capital of Silesia, and partly on his own calculations—yet it does not appear that the progress of this improvement was very strongly developed, until De Moivre applied his powerful talents to the elucidation of the doctrine of Annuities on Lives. His work led the way to a more careful and accurate investigation of the subject. Mr Simpson, “whose name,” according to Dr Price, “can never be forgotten while there is any mathematical or philosophical knowledge left in the world,” devoted a considerable portion of his time to these investigations; and such was his sense of the importance of the subject, that he was induced to read a course of lectures, recommending the institution of a scheme for securing provisions depending on

the termination of lives, or on survivorship, by way of mutual assurance.

The immediate result of this recommendation was, the formation of that noble Institution, which, apparently insignificant in its commencement, was nevertheless destined, at no very great distance of time, to assume that commanding station which it has long held, and now holds, among the public establishments of the sister kingdom—I mean, the SOCIETY FOR EQUITABLE ASSURANCES ON LIVES AND SURVIVORSHIPS. Distinguished as our own Society professes to be, by the adoption of the same leading principles that originally governed the constitution and administration of the Equitable Society, it must be equally interesting and useful to have generally in our view the circumstances that marked its early progress.

The original Tables for the use of the Society were framed by Mr Dodson, the well known author of the Mathematical Repository. He adopted, as the basis of his calculations, the improvement of money at three per cent. and the probabilities of life as deduced from the London bills of mortality: and although the results, thus obtained, brought out premiums nearly double in amount to those at present charged, yet the prevailing misapprehension on the subject was such, that the law officers actually rejected an application for a charter of incorporation, on the ground that the premiums demanded were inadequate to the risks. Experience, however,

proved these premiums to be so far excessive, that, in 1776, after an investigation of the Society's affairs, the Directors considered themselves justified in reducing the premiums on single lives ten per cent., and in the following five years it was found that the actual decrement of life among the members of the Society was so much less than the rate of mortality indicated by the London table of probabilities, that it was determined to compute the premiums in future from a table which gave the probabilities of life higher than that which they had hitherto used. Dr Price happened just about this time to have completed, with much care, the formation of the tables of probabilities deduced from very accurate observations made in the town of Northampton; and the Directors of the Equitable Society, who had previously derived much advantage from the Doctor's judicious and scientific views, adopted this table as the basis of their new calculations. With that caution, however, which has always been the characteristic of this Institution, an addition of 15 per cent. was made to the naked values obtained by these computations; but the experience of the next five years enabled them to take off this addition, and to reduce the premiums to the standard at which they have ever since remained.

This final adjustment of the rates of contribution took place in the year 1786; since which period, this magnificent Institution has held an unbroken course of splendid prosperity. "I have seen," says its

“learned and excellent Actuary, in his address of 1809, “I have seen its members gradually increasing from 730 to more than ten times that number; “the amount of its assurances from L.230,000 to “more than eight millions; and its capital, which “consisted of L.34,000 stock in the three per cents., “accumulating to a sum which, if converted into the “same stock, would amount to nearly four millions “and a half. But, what is of much greater consequence, its profits, in the meantime, have kept pace “with the extended growth and importance of its concerns, and, diverted by no channel of private interest “or emolument, have been appropriated solely towards “promoting the general good of the whole.” Mr Morgan then proceeds to explain the causes of this unexampled prosperity and success of an institution, which, like our own, boasted of no capital at its first establishment, and began in obscurity with the humble contributions of a few individuals.

* In order to shew more distinctly the great advantages which have accrued to the Members of the **EQUITABLE SOCIETY**, from the large periodical additions made to their Assurances, there will be found hereto appended a **TABULAR VIEW** of the additions made, as at 1st January 1830, to all policies existing at that date. The **EARL OF ROSEBURY**, in addressing the Members of the **SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY**, at their Annual General Court held on 15th January 1830, made a powerful allusion to those additions, as strongly illustrative of the great importance and value of the principle of mutual contributionship, on which the Equitable and this Society are alike founded.

Considerably before the period to which I now allude, the success of the Equitable Society had naturally given birth to other institutions for carrying on the business of Life Assurance. By those institutions, the rates of premium exigible by the Equitable were adopted as their standard. But although, in this particular, and also in the general policy of their executive administration, the principle of imitation was carried to its utmost length, they altogether lost sight of, or rejected, the distinguishing feature of the Equitable Society, by appropriating, on the ground of an imaginary risk, the whole profits of the concern to the exclusive benefit of the subscribers who guaranteed the obligations of the company, and who are called the *Proprietors*, instead of appropriating them, in a beneficial manner, to the assured, from whose contributions they had arisen.*

* Abroad, as well as at home, the importance of this distinguishing feature in the constitution of Life Assurance Institutions, is now most fully recognized. "Le caractère distinctif des Sociétés mutuelles, c'est que dans celles-ci les profits se répartissent entre tous les intéressés, tandis que dans les compagnies à prime, il se partagent entre les seuls bailleurs de fonds, qu'on appelle actionnaires. Pour se faire une idée juste des chances favorables que court tout intéressé à une Société mutuelle, il ne s'agit que de jeter un coup d'oeil sur les heureux résultats de la Société Equitable de Londres, dont Bailly fait l'historique dans son second volume. On y voit que 1000 livres assurées chez elle en 1762, époque de sa création, auraient produit aux héritiers du fondateur de cette assurance, après son décès, une somme de 4780 livres à la fin de 1800, tandis que dans les trent-huit années il n'aurait payé en tout que 587 livres et $\frac{1}{2}$."—*Juvigny*, p. 28.

Under these circumstances, it is not wonderful that the conductors of those institutions felt their efforts, to form or extend a business, very much impeded by the powerful, although unobtruded, claims to preference possessed by the Equitable Society. These, which, in London and its vicinity, had then begun to be well understood and appreciated, created a competition with which it was wholly impossible effectually to contend, at least within the more immediate range of its operation. Two resources only, therefore, were left to enable them to secure any farther proportion of business than that which they already possessed through the medium of prejudice or private influence, viz. either an assimilation, more or less partial, to the equitable principle of returns, or an extended activity in more distant parts of the island, where the peculiar claims of the Equitable Society were comparatively little known or understood ; an advantage which the total absence of all exertion on the part of their great rival, to extend its own business through local agencies, became much more available to them than it could otherwise have been.

This advantage, therefore, was seized with avidity ; and the proprietary Life Institutions of London were unwearied in their exertions to compensate their disadvantage in the metropolis, by the extent of their provincial business.

Among the other fields that presented themselves for

the exercise of this activity, SCOTLAND, it may be well believed, was not overlooked. *There* the benefits of Life Assurance were comparatively unknown, and of course but seldom secured ; and this consideration, joined with the national character for prudence and forethought, which had long been attributed to our country, seemed powerfully to invite a peculiar share of attention to this quarter, as likely to be soon and amply repaid. Nor were their hopes disappointed ; for a very considerable extent of business, in Life Assurance, was soon transacted in Scotland, through the medium of their agents. While, therefore, on the one hand, the local agencies thus established were instrumental in transferring a large amount of capital, in the shape of annual premiums, to England, there can be no doubt, on the other, that we owe to these agencies the first germ of the existence and growth, in this country, of a knowledge of the benefits of Life Assurance, which has already done, and still promises to do, much substantial good. Nor would it be proper here to omit saying, that those agencies were uniformly conducted, without almost any exception, with all that honour and liberality which so pre-eminently characterize the commercial institutions of England.

But that active spirit of improvement which, particularly since the commencement of the present century, has been so remarkably exhibited in the formation of independent public institutions in Scotland, was not

long permitted to slumber under this new inroad of English enterprise. In the year 1809, (to which I have already alluded as the period of Mr Morgan's Address to a General Court of the Equitable Society, and from which I have ventured a quotation expressive of the remarkable prosperity which had, down to that date, attended its operations,) an attempt was made, by a most respectable institution in Edinburgh, the Hercules Office, to commence the business of Life Assurance on an independent footing. Its proposals were accordingly published and circulated, and business actually commenced. But, discouraged by the slow progress of its operations, the business of Life Assurance was speedily abandoned, and confined to that of Insurance against Fire. It must, however, be gratifying to observe, that now, in better times, and when the way has been paved for the full operation of national institutions, this Office, to which we are indebted for the first attempt to act independently of English agencies, has been encouraged to resume its Life business.

The failure of this attempt in 1809, appeared to indicate that Scotland was not yet ready for a National Life Assurance Institution on an independent footing, and the field, therefore, was again left to the unobstructed operation of English activity. But the restless spirit of inquiry soon revived. The astonishing success of the Equitable Society was now familiar among the well-informed business circles, and an anxiety to secure similar

advantages to Scotland, by the establishment of a parent institution there, was proportionally manifested. So strongly felt, indeed, was the conviction that business of this description could be put on a secure footing, through the mere operation of cautious and scientific calculations, that, notwithstanding the prominent difficulties which, it was well seen, would inevitably attend the establishment and early progress of such a scheme, (enhanced, too, as these were, by the recent failure of a similar attempt, even when backed by all the weight of a subscribed capital,) the happy idea was conceived of establishing a scheme, founded, like that of the Equitable Society, on the principle of mutual contributionship. This idea, which originated with David Wardlaw, Esq. of Gogar-Mount, writer in Edinburgh, was at length, in the year 1812, embodied in the prospectus of that Institution, at the Fifteenth Anniversary of which we are now convened, and which it was then proposed to designate the "SCOTTISH WIDOWS' "FUND AND EQUITABLE ASSURANCE SOCIETY."

The scheme, as at first contemplated, was intended chiefly as the establishment of a Fund for providing Annuities for Widows, or other Relations; and Provisions for Children; and, accordingly, the first prospectus, published in 1812, states prominently the beneficial effects of the Scheme for Provisions to Widows of the Clergy of the Church of Scotland, and of similar institutions to which that scheme had given rise. These,

however, being all confined to particular districts, societies, and corporations, the prospectus bears, that "it had occurred to some gentlemen in Edinburgh, to propose the formation of a General Society, with similar, but very enlarged views, the benefits of which might be extended to all parts of the United Kingdom." But, before this prospectus was issued to the public, a postscript was added, stating, that it was thought expedient to extend the plan, so as to include assurances of capital sums payable on the termination of life.

All the Tables of Premiums hitherto in use by Life Assurance Institutions, were formed upon the Northampton observations of mortality, assuming interest at *three* per cent. It was conceived that a more equitable result, in relation to the ages of the parties, would be brought out, by assuming the rate of interest at *four* per cent. and by adding a per centage to the premium for answering the expenses of management. Accordingly, Mr Patrick Cockburn, accountant, who, as Auditor to the Society, has since continued to watch over its progress, furnished a set of *Formulae* for constructing the Tables of Contributions, adapted to the various *species* of Assurance; and, after much labour, the Tables now in use by the Society were formed under his inspection, upon the basis of the Northampton four per cent. Table of Life Annuities. He also contributed his valuable assistance, along with the legal advisers of

the Society, in the formation of the Articles of Constitution, which, after a most attentive consideration and analysis of the Deed of Settlement of the Equitable Society and other institutions, and of the Principles of Life Assurance generally, were reduced to their present form.

The preparations necessary for entering on actual business, however, were necessarily tedious and difficult, particularly as the utmost anxiety was felt that the best advice should be obtained on the subject. In the early part of 1813, a deputation, consisting of Messrs Wardlaw, Cockburn, and the late Mr Wotherspoon, proceeded to London, and had much personal intercourse with Mr Morgan on the subject, who kindly gave them the full benefit of his knowledge and experience in the revisal of the *Formulæ* of the calculations, which were certified by him as correct, and also in the revisal of the Articles of Constitution. After having been approved of by Mr Morgan, the draught of the Articles was submitted to the most eminent counsel here, and finally settled, after the fullest discussion and deliberation. These preliminary objects having been obtained, the promoters of the scheme directed their attention to the arrangements necessary for the actual commencement of public business, which were ably conducted by the late Mr Wotherspoon, the first Manager; and after overcoming many obstacles, the Society having obtained the sanction of a most distinguished patronage, commenced its operations on the 2d

January 1815, under its present title of the "SCOTTISH
" WIDOWS FUND AND LIFE ASSURANCE SOCIETY."

Accordingly, the First Policy was now issued by the Society in favour of DAVID WARDLAW, Esq. to whom, as has been stated, belongs the undisputed honour of originating its formation, and whose exertions in its behalf had then, and have ever since been, indefatigable. And it here merits particular notice, as constituting a singular starting point in the Society's history, and as curiously illustrative of the leading principle on which it is founded, that the first annual contribution paid by him, amounting to *L.34, 12s. 6d.* constituted, for the moment, its sole fund and possession.

The foundation of the Society being thus laid, under the most favourable auspices, its progress, in public confidence and estimation, became next the great object of watchful care. The most imminent danger to be apprehended, during the infancy of the Society, was the accidental occurrence of claims of considerable amount before a sufficient fund was accumulated to meet them. Accordingly, the early records of the Society bear evidence of the existence of this apprehension,—and of various proposed precautions for removing or mitigating the temporary embarrassment which such an occurrence might have created. But, happily, all such precautions were rendered unnecessary, by the remarkable success that, under the blessing of Providence, attended the early

years of the Society, admitting of the rapid accumulation of a fund which, although very insignificant in proportion to the magnitude which it now promises to attain, was nevertheless more than sufficient to dissipate, at a very early stage of the Society's progress, all rational ground of fear that it would prove inadequate, at any one moment, to discharge, with regularity, every claim that might be made upon it.

The fundamental regulations regarding the **EXPENSE FUND**, may also be considered as having had a strong tendency to secure the permanence and prosperity of the Institution. The principle of limiting the expenses of management, so as to bear a constant *ratio* to the actual amount of business done, prevented, at the outset, any oppressive accumulation of debt to clog or embarrass its operations. The preliminary expenses of the Society had been, to a considerable extent, provided for by the voluntary contributions of gentlemen friendly to the objects of the Institution, who generously staked the chance of their repayment on its ultimate prosperity,—a debt which the Society has since had, of course, the happiness of fully and gratefully discharging, with accumulated interest.

But, notwithstanding all these favourable circumstances, the progress of the Society was, for some time, exceedingly slow, and almost discouraging. After the first public excitement in its favour had subsided, the

accession of members was for a considerable period extremely limited. But whatever amount of business *was* done, the same was wholly transacted on the soundest principles. No undue anxiety to extend the business of the Society was allowed to interfere with the most scrupulous care, then and ever since exercised by the Directors, with the eminent professional aid of Dr Andrew Duncan, their consulting Physician, in the admission only of select lives,—and the strict limitation of the expenses of management, although of itself constituting a certain barrier to the adoption of measures which might otherwise have been useful in extending a knowledge of the Society, enabled, nevertheless, all the contributions actually received to be carefully accumulated for securing the objects of the Institution.

As a matter of prudent precaution in the outset, the amount of risk allowed to be taken on any single life was restricted to L.1000 by way of capital sum, and L.200 by way of annuity. But, in the latter branch, a comparatively very small amount of business was done; for although, as already mentioned, the original idea was to encourage, in a particular manner, the securing of reversionary annuities, yet, it became evident from the very outset of the scheme, that the great bulk of its transactions would, like that of its great model, the *EQUITABLE SOCIETY*, consist in granting assurances of capital sums payable on the termination of life, at whatever period the same should happen. Accordingly, such assurances

were then, and have ever since continued to constitute the leading department of business; and the name of "WIDOW'S FUND" may, therefore, rather be considered as a monument of the original idea, to which this promising Institution owes its birth, than a correct appellation of the leading objects of the Society as now developed in its actual transactions.

In fixing on certain stages in the Society's progress, as indicating its gradual advancement in public confidence and estimation, perhaps the first that may be mentioned as deserving of particular notice, (after the great and arduous task of the formation of the Society, and its being fairly brought before the public as a National Institution,) is a social Meeting of the Members which took place in the month of December 1818, and at which the Hon. Baronet, who holds the distinguished office of Dean of Faculty, presided.* It will be easily recollected by many of those present, that on this occasion he congratulated the Society in eloquent terms on the flourishing state of their affairs,—that they could boast of having a realised fund of L.3500, which, in the course of the succeeding six months, (that is, before any claim, even although immediately emerging, could become in course of payment,) would increase to upwards of L.5000—that the annual revenue from premiums amounted to L.2500,—and that the policies for capital sums assured amounted to L.68,219. Inconsiderable as those respective amounts may appear

* Now Lord Moncreiff.

in the now extended state of the Society's business, it may be well remembered that, at the period now alluded to, they were viewed as affording strong ground for exultation, that, at length, after many difficulties, the Society might be considered fairly entitled to look for confidence and support as an established scheme of public and individual benefit.

Shortly before the period to which I have now alluded, the Society had unfortunately been deprived, by death, after a lingering illness, of the services of their first manager, the late Mr Wotherspoon. Connected with it, not only in his official capacity, but also as one of those originally engaged in its formation, and having had an active share in every measure which had been adopted for promoting its success, the Society had, in this melancholy event, not only to regret the loss of a valuable officer, but also that his death should have occurred before he saw exhibited, at least to any great extent, the gratifying result of labours of which he had only felt the toil, without witnessing the reward. Not had the unfortunate state of his health, from the commencement of the Society's business, permitted of his availing himself of the ordinary benefits of the Institution, by an assurance on his own life.

During the currency of the succeeding year, (1819,) the business continued progressively to increase, and in rather an accelerated ratio. But towards the close of this year there was an unusually large and sudden in-

flux of members, arising from a circumstance to which it will now be proper shortly to advert, not only as explanatory of the increase to which I have alluded, but also, and more especially, as it led in the first instance to the consideration, and ultimately to the adoption of measures which, there can be no doubt, have already had, and will continue to exercise, a very powerful influence on the business and prospects of the Society.

By the original Articles of Constitution, it had been provided that the first periodical investigation of the Society's affairs should take place at the end of ten years from its commencement ; and it was declared that two-thirds of the surplus fund, as then ascertained, should be appropriated in making additions to the benefits secured on the fund in virtue of certificates issued in favour of such of the members then existing, as had entered the Society more than five years previous to such period of investigation. In terms of these articles it was seen, that the first periodical investigation would take place at 1st January 1825, and that the divisible surplus then ascertained would fall to be appropriated to the increase of such benefits as were secured on the fund on or before 31st December 1819. This circumstance was, therefore, more or less in the view of those who entertained any intention of joining the Society. As the limit approached, the necessity of decision became more apparent ; and, accordingly, as many assurances were com-

pleted in the course of the last week of 1819 as had been done within the period of six months previously.

But while this gave a momentary impulse to the business of the Society, and led, no doubt, to a more careful and general investigation of its peculiar benefits, it, at the same time, could not, and did not, fail to be perceived by those who duly considered the matter, that, in the arrangements thus laid down in the Articles of Constitution, there was an apparent deviation from the strictly equitable principles which, as a general characteristic, otherwise pervaded the whole tenor of the regulations and actings of the Society. The practical view, in which this inequality exhibited itself, was this:—That as those members who entered the Society subsequent to 31st December 1819, were *not* entitled to participate in the surplus fund to be ascertained at the *first* investigation, and as the *second* periodical investigation would take place at the end of 1831, in the benefits of which *all* members would be entitled to participate who might have entered the Society five years previously, that is, on or before 31st December 1826—it therefore followed, that in respect to members who entered the Society between 31st December 1819 and 31st December 1826, the peculiar benefits of the Society, as a mutual contributionship scheme, would be in abeyance during the whole of that time, comprehending a period of no less than seven years. The contributions payable during that term would go, certainly, like those

of any other period, to augment the common fund, and thereby in all probability increase the divisible surplus at the *second* period of investigation ; but, then, as by the original Articles of Constitution the additions were ordered to be made to all policies of more than five years standing, *in proportion simply to the amount of the benefit, without any further reference to the period of its endurance*, it followed, that a party effecting an assurance in the commencement of the year 1820, would not be entitled to any greater benefit from the surplus fund, than a party opening an assurance of similar amount at the close of the year 1826.

Although the explanation of this apparent anomaly was to be found in the necessity that existed, at the outset of the Society, of framing simple and easily understood regulations on a subject which, really intricate in itself, was *then* rendered peculiarly difficult of treatment, by the ignorance or misapprehension that generally prevailed in regard to the whole system of Life Assurance ; yet, now, when a strong interest was felt and manifested in the progress of the Society, and the public mind had become more habituated to the calm and discriminating consideration of such arrangements, the difficulty just referred to was one which could neither be left without notice or remedy. Accordingly, the whole matter, after undergoing some discussion in the Court of Directors, which only led to the more complete developement of the difficulties and importance

of the subject, was remitted for full and detailed consideration to a committee of their number.

It is impossible to look back on the labours of the learned individuals who composed that committee, without feeling deeply sensible of the debt of gratitude which has thereby been entailed on the Society. Of the difficult nature of the duties thus committed to them, and the assiduous manner in which they were discharged, the profound investigations instituted by Mr Cockburn on the subject, and which have repeatedly called forth the thanks of the General Courts, will remain a memorable monument on the Society's records. Various elaborate papers, explanatory of the principles which ought to regulate the distribution of the Surplus Fund, were prepared by him, and circulated for the information of the Directors and members of the Society. The first Report of the Committee was laid before the Directors in the end of the year 1821, signed by Mr John Clerk, now Lord Eldin, Mr James Moncrieff, now Sir James Moncrieff, Bart., Mr Cockburn, and Mr Wardlaw. But at their own suggestion, and with the view of investigating a subject, on the proper settlement of which it was well seen depended much of the success and utility of the Institution, and on which, at the same time, it was most desirable to prevent any *future* vacillation or doubt, the whole matter was again committed for reconsideration. The necessary investigations were accordingly

renewed by Mr Cockburn, and the results at various intervals laid before the Courts of Directors. When, however, the whole matter was considered to be put on a clear and equitable footing, as regarded the members who had entered the Society *subsequent* to 31st December 1819, and also as regarded all *future* entrants, a formidable difficulty arose in reconciling the acknowledged and vested rights of the *old* members, with the proposed new principle of distribution. But although this again led to another recommittal of the subject, the difficulty was speedily removed ; and at the General Court of the Society, held on the 8th November 1824, when the Resolutions, embodying the new law, were finally approved of, Mr Thomas Beveridge, D. C. S. on whom, as one of the oldest members and Directors, the representing of the interest of that class of members in the second Committee had been devolved, (and whose successful exertions, along with Mr Cockburn, in reconciling the conflicting interests on an equitable and satisfactory basis, stand acknowledged by the unanimous vote of a General Court,) declared, as appears from the records, “ that he should ever look back with pleasure upon the time he had been led to bestow on the “ revision of these invaluable resolutions, by which he “ was satisfied, that the interests of *every member of* “ *the Society now, and in all time coming, were put* “ *upon a fair, equitable, and liberal footing.*”

The import of the arrangements, thus happily and

permanently completed, may be shortly stated thus,— That while, by the original clause, the additions at each period of distribution were to be simply in proportion to the amount of benefits of five years standing, as contained in the original policies, or as formerly increased, *but without any regard to the comparative endurance of the policies thus entitled to additions*—the New Regulations proceeded on *this* general principle—that the additions made to the several benefits should be not only in proportion to the sums, whether as contained in the original policies, or as accumulated at the preceding period of investigation, standing assured for the whole period of life, but also “ *in proportion to the number of annual contributions due and paid from time to time in respect of each policy,*” reckoning from the date of the policy in cases where no previous addition had been made, and from the date of the last periodical investigation, in cases where additions had been made, and accumulated with the original benefit,—thus securing to every member the full and fair benefit of the comparative endurance of his connexion with the Society. And, farther, a great improvement was also introduced, (and on a footing rigidly consistent with the fundamental principle of the Society, which requires that no distribution of profit shall be made without a previous investigation of its affairs,) by providing that the additions should be made, not only *retrospectively* in proportion to the number of payments from the dates of the respective policies, or from the preced-

ing period of investigation, down to the period of distribution at the time, but also *prospectively*, in regard to all policies which may emerge between any period of distribution and the next stated period of investigation, in proportion to the number of payments that may be made down to the time when the benefit emerges and becomes a claim. In a matter really so intricate and complex, it is impossible to conceive arrangements more happily calculated at once to secure the fair interest of every member of the Society, and at the same time to present themselves to the consideration of every present and future member, in a manner perfectly simple and intelligible. Accordingly, after passing the severe ordeal of rigid investigation in various Courts of Directors, they were unanimously approved of, and passed into a law by two consecutive General Courts of the Society.

During the time occupied in these investigations, the Society had gone on increasing in numbers and importance. At this period, it must be kept in view, that it continued to possess an exclusive claim to support as a parent and national institution ; and various casualties, inseparable, of course, from the nature of its engagements, had furnished to the public several palpable proofs of its happy influence on the situation and prospects of the families of its deceased members. Accordingly, the business continued rapidly to increase ; and at the Extraordinary Court of Directors held on 7th May

1821, the statements produced shewed that the amount of capital sums actually remaining secured on the fund, which, in November 1818, had, as already stated, amounted to only L.68,000, had then increased to upwards of L.140,000; that the annual return from contributions had increased in the same period from L.2500 to L.5100; and the accumulated fund, exclusive of the annuity fund, from L.5000 to upwards of L.15,000. In those circumstances, the Extraordinary Court considered themselves fully warranted in authorising the Ordinary Court of Directors to extend the limit for risks on single lives to L.2000 instead of L.1000: and such extension was made accordingly.

Under this extended power, the increase of the Society became proportionally more rapid; and, at the General Court in 1822, it was found that the existing capital sums assured had increased to upwards of L.250,000,—the annual contributions to nearly L.9000, and that the accumulated fund, exclusive of the annuity fund, had, within eighteen months, increased from L.15,000 to L.28,000. It will be in the recollection of many now present, that the EARL of ROSEBERRY, who presided at that General Court, made a most forcible address to the members, in favour of the Society, as eminently calculated to benefit both the public and individuals. The views stated by his Lordship, both on that occasion and at other General Courts

where he presided, and which have been from time to time communicated to the members in the annual reports, have unquestionably been of the utmost service to the Institution. I cannot resist the pleasure of quoting two short passages of his Lordship's Address, selected from many others of equal importance, as preserved on the Records of the Society. "As a member of the Society himself," his Lordship said, "he could not avoid congratulating every other member on the distinguished success which had attended the Society. The regular and rapid advancement which had been made, would be better estimated by taking into view the struggle which the Society at its commencement had to maintain, not merely against the difficulties which attached to it in common with other infant institutions, but against prejudices founded on the peculiar constitution of the Society, which, precluding the formation of any capital at the outset, as a security for the fulfilment of its engagements, certainly exposed the earliest members to some degree of uncertainty in regard to their fulfilment. Now, however, those difficulties and prejudices were completely removed. The general principles of Life Assurance seemed to be well understood ; and any doubts which might at first have been entertained as to the stability and permanence of this particular institution, arising from the peculiar principle of its formation, were now completely removed by the ample

“ funds and revenue of the Society. Not only so, but
 “ those preliminary difficulties had been surmounted
 “ with a rapidity which could not at first have been con-
 “ templated, and which evinced, in the strongest man-
 “ ner, that the ultimate permanence and increasing
 “ prosperity of the Institution might be safely relied on.”
 His Lordship then, after giving a luminous detail of
 the benefits of Life Assurance, and of the superior ad-
 vantages enjoyed by Great Britain above foreign coun-
 tries in this respect, added,—“ To the less affluent,
 “ who have not otherwise the means of making provi-
 “ sions for their wives and families, an institution of this
 “ nature is so evidently beneficial, that its advantages
 “ only require to be understood in order to be duly es-
 “ timated and secured. But even to the more affluent,
 “ Life Assurance is attended with many advantages.
 “ One view of this subject had often occurred to his
 “ Lordship, but as he could not recollect of ever
 “ hearing it urged, he mentioned it with much diffi-
 “ dence. It was this,—that it enabled the more af-
 “ fluent to accomplish a great and important saving for
 “ their families, *through the medium of a positive expen-*
 “ *diture.* The ultimate object in view might indeed be
 “ partially accomplished, by laying the amount of such
 “ savings aside, and allowing them to accumulate ;
 “ but the great advantage of an Institution of this kind
 “ is, that while it accomplishes the same object much
 “ more effectually and immediately, it withdraws no

“portion of capital from circulation, and completely obviates all those baneful evils into which a *habit of saving* is apt to degenerate; for such a habit, although originally springing from most proper and legitimate motives, not unfrequently ends in debasing the mind to a disposition of avaricious hoarding.”

Up to this period, the Society had, as already stated, remained, with an *exclusive* claim to support, as the only National Parent Institution carrying on the business of Life Assurance in Scotland; and the Directors, in consideration of its increased revenue and accumulated fund, had, at an Extraordinary Court, held 4th November 1822, authorised a farther extension of the risks on single lives to L.3000.

But the prosperity which now began so strongly to mark the scheme, soon awakened that spirit of competition which, in favourable circumstances, never fails to manifest itself in an enterprising and intelligent community. In the course of the following year, (1823,) another Scottish Institution arose, having the transaction of Life Assurance business for its sole object; and this was speedily followed by others, in which the same business was blended with that of insurance against fire. Nor has the formation of such institutions been confined to Edinburgh alone,—for in Glasgow, and, it is believed, also in Aberdeen, independent establishments now exist for the same purpose. None of

those Institutions, however, were, or, indeed, could well be established on the pure principle of *mutual contributionship*. The difficulties attending the infancy of such a scheme, although happily surmounted in the case of this Society, were, in the face of existing competition, too formidable to be struggled with : and the whole of the establishments, therefore, subsequently formed, have partaken, more or less, of the nature of trading companies, carrying on business on account of a PROPRIETARY, to whose exclusive benefit, either the whole, or a share of their profits, are appropriated. Very different from that of suspicion or jealousy, was the feeling awakened in the friends of this Society by the establishment of those Institutions. In *their* formation, indeed, they only beheld the natural and looked-for realization of one leading and important object, which, in the creation and progress of this Society, had never been lost sight of,—the diffusion of a knowledge throughout Scotland of the inestimable benefits of Life Assurance. Formerly these benefits had been comparatively unknown, or confined to a narrow and select circle,—but, now, a general knowledge of them prevailed, and their happy effects had, in many instances, been practically demonstrated. To all and each of the newly formed Institutions, therefore, the Directors of this Society have been always ready to hold out the right hand of fellowship, as fellow-labourers in a good cause, and in a field where there is ample scope for the exertions of all.

The next stage in the progress of the Society's affairs, which it now becomes proper to notice, is the important one of the first periodical investigation of its affairs, which took place, in terms of the Articles of Constitution, at 31st December 1824. At this time, the capital sums existing assured, amounted to L.380,000, the annual contributions exceeded L.13,000, and the accumulated fund, exclusive of the annuity fund, amounted to upwards of L.50,000.

The investigation was conducted in the most minute and careful manner: and the results thus obtained, having been checked by an approximate method suggested by Mr Cockburn, were found to correspond to a great degree of accuracy. These results were indeed most satisfactory, and more than met the highest expectations that the most sanguine of the Society's friends could have ventured to entertain. It will be here proper shortly to advert to them.

By the Extraordinary Court held on 11th April 1825, it was resolved and declared, that the ascertained divisible surplus would be sufficient for making additions of TWENTY-SIX PER CENT. to the whole benefits assured by policies issued prior to 1st January 1820. But, in terms of, and consistently with the principles of the amended law relative to the distribution of the surplus, the appropriation fell to be made as under, viz.

I. As regarded benefits assured by policies issued prior to 1st January 1820 :

1. An addition of 12 per cent. upon these benefits respectively, as a *vested* interest at 1st January 1825.

2. A farther addition of 14 per cent. upon such of these benefits as may emerge and become debts chargeable upon the fund at any time between the first and second periods of investigation, (and which is also secured to those members of this class who may survive the second period of investigation, out of the *fore-end* of the divisible surplus then ascertained,) being the difference between 26 per cent., the addition to which they would have been entitled under the original Articles of Constitution, and the above vested addition of 12 per cent.

3. A farther addition of $1\frac{1}{2}$ per cent. corresponding to L.126 for every L.100 assured, and to the number of annual contributions that may be paid subsequent to 1st January 1825, upon such of these benefits as may emerge, as aforesaid, between the said first and second periods of investigation.

II. As regarded benefits assured by policies issued at or subsequent to 1st January 1820, and which may emerge between 1st January 1825 and 1st January 1832, *excepting such as may emerge within five years from the respective dates of the policies :*

An addition of $1\frac{1}{2}$ per cent. corresponding to the respective benefits, and to the number of annual contri-

butions that may have been paid in reference thereto, from the respective dates of the policies.

As a familiar and practical example of the effect of these regulations, it may be observed, that a policy for L.1000, issued previous to 1st January 1820, if it shall happen to emerge in the current year, will be increased to the sum of L.1354, 10s.* being an addition or bonus of 35½ per cent. on the sums assured; while policies opened subsequent to 1st January 1820, which, *under the original articles, would have been entitled to no additions, unless the lives assured survived the second period of investigation*, would, if opened in 1820, and emerging in the course of the current year, and so in proportion to their endurance, be entitled to an addition of no less than 15 per cent

Such results, it is believed, were never before exhibited, at an equally early period, in the annals of any similar institution. No doubt they sink into the shade before the prodigious and almost incredible additions which have been made to such of the early policies of the Equitable Society as happen still to be in existence; but, as will be immediately shewn, the progress of this Society has even been more rapid than that of the Equitable, when fairly contrasted at the same stages of their progress.

* If the policy shall happen to emerge in the present year (1830) the sum payable will be L.1373, 8s.

It may be readily supposed, that the communication of these results had a powerful tendency to increase the public confidence in the stability and usefulness of the Institution, and had a corresponding effect in extending its business. The Directors, however, deemed it prudent to delay making any farther extension of the amount to which assurances might be granted on single lives, until the accumulated fund and annual revenue of the Society had reached a point, which appeared to remove the slightest ground of doubt as to the expediency of such extension. Accordingly, after a full and most satisfactory report from the auditor, an extension to L.4000 on unobjectionable lives, not exceeding a limited age, was unanimously resolved upon at an Extraordinary Court of Directors, held on 7th May 1827. From the statements submitted to this Court, it appeared that the existing amount of capital sums assured, which, at the beginning of 1825, had amounted to L.380,000, now amounted to L.620,000,—that the amount of revenue from annual contributions, which was then L.13,000, now exceeded L.22,000,—and that the amount of accumulated fund, exclusive of the annuity fund, which was then L.50,000, had now increased, after all deductions, to upwards of L.95,000.

Since this extension of risk, no peculiar feature presents itself in the course of the Society's business to require special notice or elucidation. It has proceeded in an uniform and equable ratio of steady increase. At

the present date, * the existing capital sums assured exceed L.770,000,—the amount of annual revenue from contributions is upwards of L.27,000,—and from contributions and capital together is upwards of L.35,000 * per annum,—while the gross amount of accumulated fund, including an annuity fund of L.29,500, exceeds L.160,000.

It may now be interesting to contrast the early progress of this Institution with that of its great model, the Equitable Society of London. In Mr Morgan's occasional addresses to the General Courts, we are to a certain extent furnished with accurate data for making this comparison. The Equitable Society, it will be remembered, was established in 1762; and, in Mr Morgan's address of 7th March 1793, we find it stated, that in the beginning of the year 1774 the amount of capital sums assured was L.230,000, and the amount of annual contributions was L.9500 per annum. Now, assuming that the Equitable Society, although the deed of settlement is dated 7th September 1762, did not actually commence business till January 1763, the above must be considered as the state of their business at the end of *eleven* years from its commencement. But on referring to the statements produced at the end of the *eleventh* year from the commencement of the Scottish Widows' Fund and Life Assurance Society, what is the result? Instead of L.230,000, the amount at that pe-

* 15th January 1829.

riod of the Equitable Assurances, we find that, in our Society, the amount was L.498,000; and instead of L.9500 per annum, as the amount of their annual premiums, we find that, at the end of the same period, the annual revenue of this Society, from contributions, exceeded L.17,500. From the same authentic source of information, we find that the amount of accumulated stock of the Equitable, at the end of eleven years from its commencement, consisted of L.33,800 stock in the 3 per cents., which, taken at the selling price of that period, was equal in value to a capital of about L.29,000; while, in this Society, the amount of accumulated fund at the same period, exclusive of the annuity fund, amounted to L.72,000. Again, we learn from Mr Morgan's address, that in 1784, that is, at the end of *twenty-one* years from the commencement of its business, the amount of the Equitable Assurances had increased to L.720,000, and their annual revenue from premiums somewhat exceeded L.23,000 per annum; and this is justly stated by Mr Morgan as furnishing striking evidence of a remarkable increase, and, to use his own words, as "completely confirming the utility and success of the plan of the Society." We cannot yet contrast the results of this Society with that of the Equitable at the end of *twenty-one* years; but we need not even now shrink from the comparison, although, as yet, we have only completed the *fourteenth* year of our existence. For, from a statement contained in a former part of this paper, it will be seen that the existing

amount of capital sums assured at the present date, after all deductions for emerged claims, forfeitures, and surrenders,—that is, at the end of the *fourteenth* year from the commencement of the Society, exceeds L.770,000 while that of the Equitable at the end of their *twenty-first* year had only reached L.720,000,—and that the amount of our annual contributions now exceeds L.27,000 per annum, while the amount of those of the Equitable, at the end of their twenty-first year, was only L.23,000.

This contrast, it is hardly necessary to observe, although in itself most remarkable and gratifying, is not made with any invidious or presumptuous view. We are now speaking of the comparative infancy of both institutions ; and although we have more than kept pace with the Equitable Society during its early progress, yet it must be recollected that a period of 45 years has elapsed subsequent to the latest of the contrasted stages ; and during that period this splendid Institution has attained a magnitude unparalleled in the history of any public institution whatever. With an accumulated capital, it is believed, exceeding ten millions, and an annual revenue of nearly one million, its only difficulty appears to arise from the oppressive weight of its own resources. A paper of this general nature does not properly admit of discussing the question, whether or not those regulations, which have led to the accumulation of so enormous a mass of wealth, might not have suffered such a modi-

fication as, while it would have no doubt checked to a certain extent this prodigious accumulation, might nevertheless have added to the real utility of the Institution, and prevented, perhaps, the necessity of arrangements and bye-laws, which, there can be no doubt, have essentially altered its character, and will, in all probability, diminish the sphere of its future usefulness. Passing by this question, as one on which there may be diversity of opinion, we can have no difficulty in finding ample room for congratulation that we have selected for our model, in respect of its leading and invaluable features, although by no means as fettering us to any rigid imitation of its details, an Institution not more distinguished for its magnificent success, than it has uniformly been for the honour and probity, as well as the simplicity, of its management.

In concluding this general outline of the origin and progress of the Society, and on looking back to the first meeting at which it was declared to be constituted, and when the late venerable and reverend Dr Johnston of North Leith, (*who presided,*) in a manner beautifully consistent with the exalted piety of his own character and the benevolent design of the Institution, opened and consecrated the business by the utterance of solemn prayer, our first and strongest feeling must be that of humble gratitude to the Supreme Disposer of Events, under whose divine blessing it has been conducted through many early and arduous difficulties to its present secure

and prosperous situation. Originating in no selfish views, a liberal and equitable spirit has uniformly characterised all its regulations and transactions. Without any original fund whatever, or any farther pledge or responsibility than the accuracy of its calculations, and the equity of its rules, it has already, within an inconsiderable period, attained a magnitude which the most sanguine could hardly have looked for. Benevolent in its objects, it has been the happy medium of diffusing comfort and security in quarters where it could not otherwise have been felt. Even beyond the immediate range of its own operations, its exertions and success have now thoroughly awakened a conviction of the inestimable benefits of Life Assurance, and diffused a spirit of enquiry which will inevitably lead to a much wider extension of this knowledge. Such results as these are already a rich reward to the original promoters and friends of the Institution, for the disinterested devotion of their time and talents to its formation and success. In looking forward to the future progress of this Society, it is impossible to doubt the brilliant prospects that await it. We can hardly conceive an Institution now more completely secured in the stability of its arrangements. But this certainty of future, and even increased success, must not, and will not, abate the same steady exertions on the part of the Directors and Members, which, in connection with its admirable constitution, have led to its past prosperity; and still less must it lead to any, even the slightest relaxation, of the cau-

tious and prudent regulations which have hitherto marked its progress. "In short," again to use the words of Mr Morgan, in the concluding sentence of one of his addresses to the members of the Equitable Society, but which as strongly apply to this Institution as if the address had been delivered at one of our General Courts,— "In short, if this Society invariably perseveres "in the same wise course which has from its commencement distinguished it, there can be no doubt of its "improving success; and that, by its growing wealth "and credit, it will be continually becoming more extensive, and by this means be rendered a more general instrument of public usefulness and comfort."

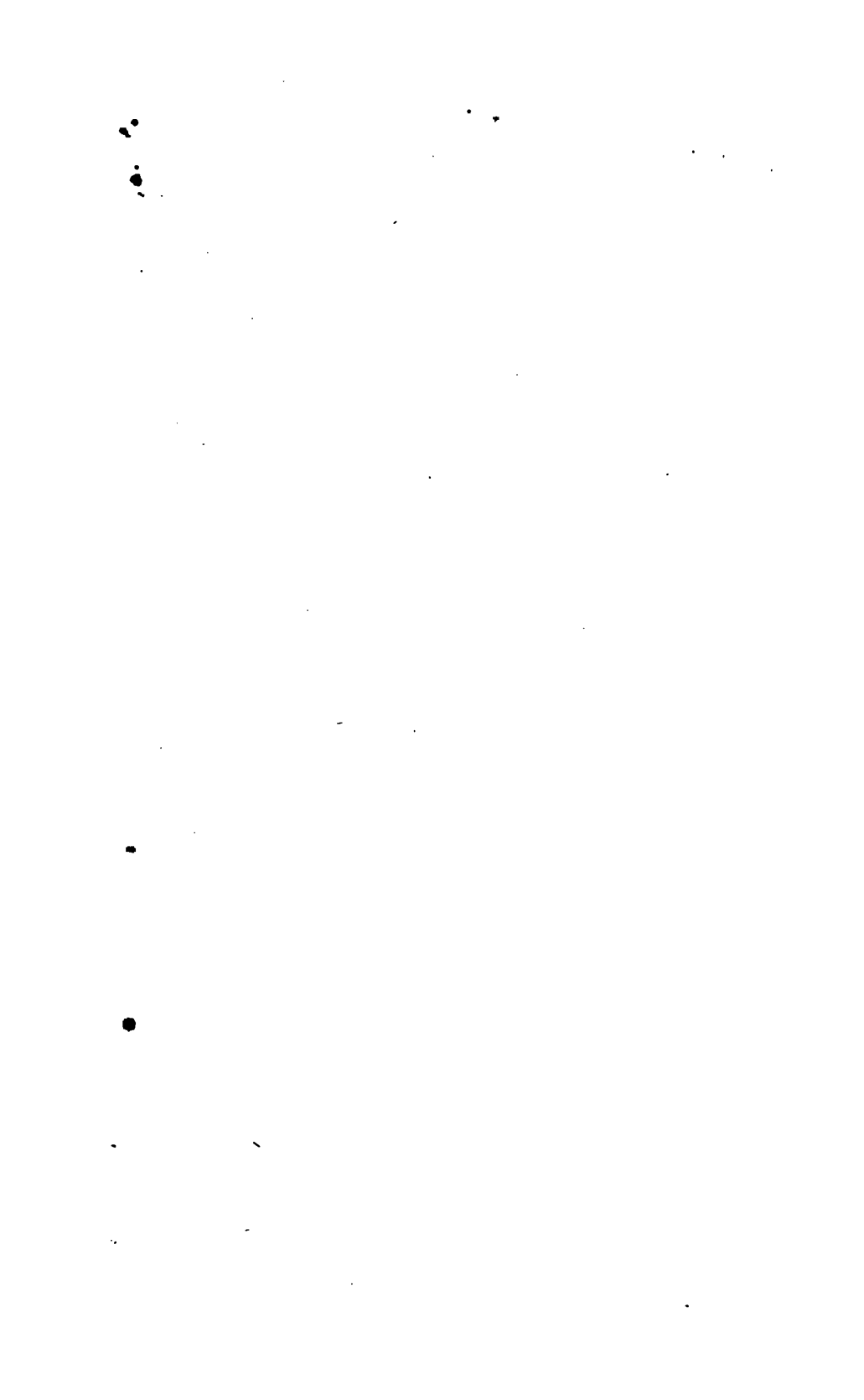


TABLE shewing it shall become a
Claim, agreed 800, 1810, and 1820;
and also the 17, in existence on the
1st January 1

Date of Assurance.	Addition made on the 1st of Jan.			Whole Addition up to 1st Jan.		
	1830.			1830.		
* Before May 1st, in the Year	L.	s.	d.	L.	s.	d.
1777	163	0	0	496	0	0
1778	159	0	0	479	10	0
1779	153	0	0	446	10	0
1780	150	0	0	430	0	0
1781	144	0	0	397	0	0
1782	141	0	0	382	0	0
1783	138	0	0	367	0	0
1784	135	0	0	352	0	0
1785	132	0	0	337	0	0
1786	129	0	0	323	0	0
1787	126	0	0	309	0	0
1788	123	0	0	295	0	0
1789	120	0	0	281	0	0
1790	117	0	0	267	0	0
1791	114	0	0	253	0	0
1792	111	0	0	240	0	0
1793	108	0	0	239	0	0
1794	105	0	0	218	0	0
1795	102	0	0	207	0	0
1796	99	0	0	197	0	0
1797	96	0	0	187	0	0
1798	93	0	0	177	0	0
1800	90	0	0	167	0	0
* 1800	87	0	0	157	0	0
1801	84	0	0	149	0	0
1802	81	0	0	141	0	0
1803	78	0	0	133	0	0
1804	75	0	0	125	0	0
1805	72	0	0	117	0	0
1806	69	0	0	109	0	0
1807	66	0	0	101	0	0
Before the 8th of December, On or after the 8th of December,	1809	0	63	0	93	0
	1809	0	63	0	90	10
	1810	0	60	0	85	0
	1811	0	57	0	79	10
	1812	0	54	0	74	0
	1813	0	51	0	68	10
	1814	0	48	0	63	0
	1815	0	45	0	57	10
	1816	0	42	0	52	0

* If the Policy is it is stated to be in the



POSTSCRIPT

TO

ADDRESS

BY THE MANAGER OF THE

Scottish Widows' Fund,

AND

LIFE ASSURANCE SOCIETY,

INSTITUTED

JANUARY 2, 1815.

READ AT 16TH GENERAL ANNIVERSARY MEETING OF THE SOCIETY,
HELD ON 15TH JANUARY 1830.

WITH LIST OF OFFICE-BEARERS, TABLES OF RATES, &c.
ANNEXED.

EDINBURGH:

PRINTED BY JOHN MOIR, W. REGISTER STREET.

1830.

*Excerpt from Minutes of General Court of the
Society, held 15th January 1880.*

“ On the motion of the Earl of ROSEBURY, it was
“ unanimously RESOLVED, That the Postscript to the
“ Manager’s former ADDRESS, this day read by him to
“ the Court, be printed and circulated amongst the
“ Members of the Society.

POSTSCRIPT,

*(Read at the Sixteenth Annual General Court of the
Society, held 15th January 1830)*

IN the concluding part of the Address which I took the liberty of making to the last General Court of the Society, held twelve months ago, I expressed my firm expectation, that although the past success of the Society had far exceeded the most sanguine hopes of its friends and members, yet that its future progress would be comparatively still more rapid. It is most gratifying, that at this, the next Annual Court, I should be enabled to call the attention of the Members to the very decisive evidence which the experience of the last year has afforded that this expectation was well founded,—proving, as that experience does, in the most unquestionable manner, not only the growing estimation in which the advantages of Life Assurance generally are now held, but, at the same time, the increased confidence on the part of the public in the principles and resources of this particular Institution, as affording an opportunity for securing those advantages in the most beneficial manner.

During the last year, the new Assurances opened have been to the extent of L.208,000,—while the largest amount opened in any previous year had not exceeded L.130,000.

There has been an addition during the same period, to the net annual revenue of the Society, (after deducting the premiums on emerged, lapsed, and surrendered policies,) of upwards of L.6000, and an addition has accrued to its accumulated fund, after the payment of emerged claims, of nearly L.30,000.

In this way, from the extent of business done, the *existing* amount of capital sums assured, after all deductions, which twelve months ago amounted to L.770,000, is now L.950,000. The annual revenue of the Society, which at the former period amounted to L.35,000, now exceeds L.41,000 ; and the accumulated fund or capital stock of the Society, which at the last Annual Court amounted, inclusive of the annuity fund, to about L.160,000, is now nearly L.190,000. The amount of emerged claims must necessarily be expected to have borne some *ratio* to the increased amount of assurances ; and accordingly the claims that have emerged within the last year by the decease of parties assured, (*including two claims that occurred just at the close of the year to the extent of L.2700, and which have not yet been officially notified and proved,*) have amounted to the sum of L.11,400 ;

while, during the previous year, they had only amounted to the sum of L.6400. But still the largest of these sums is so very far short of the amount of claims that might, according to the calculations, have been expected to have arisen from an equally large amount of assurances, as both to prove in the most satisfactory manner the vigilant care that has been exercised by the Directors in the admission only of select lives, and also to warrant the confident expectation of liberal additions from the SURPLUS FUND of the Society, as the same may be ascertained at the septennial investigation in December. 1831.

It is proper to observe, that the increase in the accumulated fund or capital stock of the Society, which has been already stated, has taken place without any material augmentation of the charge against the fund for *present annuities*. It becomes of importance to notice this, both because it is evident, that by large transactions in annuities the amount of the Society's accumulated fund might be indefinitely increased, without thereby affording any test of such accumulation having arisen from an increase of the business of Life Assurance properly so called, and on which the prosperity of the Society must be held mainly to depend—and also because it serves to explain to the General Court, that this particular branch of business has not for a considerable time past met with much encouragement from the Directors. In fact, making due

allowance for the diminished values of the annuities arising from the increased age of the annuitants, the burden on the funds from annuities is not materially greater *now* than it was at 31st December 1825 ; so that the increase in the accumulated fund or capital stock of the Society, which has taken place during the last four years, amounting to no less than L.95,000, must be held to have taken place in the general or assurance fund alone. From the reduction in the rate of interest, and the difficulty in investing capital which has been experienced for the last two or three years, and from its being found that the great majority of applicants for present annuities were females, the Directors were induced to make such additions to the contributions or purchase money required for present annuities, (founded both on the adoption of a lower rate of interest in the calculations, and an assumed distinction between the value of male and female life,) as, when contrasted with the rates charged by various other Assurance Companies, and even by Government, under the old Tables, has effectually checked any great increase in this branch of the Society's business,—a result, however, which the Directors have viewed without concern. The Annuity Tables lately issued by Government, which are adapted both to the present low rate of interest and a much higher value of life, particularly of female life, than that formerly assumed, may probably, however, lead to the adoption by other Assurance Companies of terms equally safe with those which have been latterly exacted by this

Society ; in which case, this branch of the business may perhaps be safely, and even profitably extended.

Notwithstanding the reduction in the rate of interest, which has just been alluded to, and the consequent difficulty of finding eligible investments for the Society's funds, it is satisfactory to observe, that the present return from the Society's invested capital very considerably exceeds the rate assumed in the calculations, the return at present averaging fully $4\frac{1}{4}$ per cent. It can hardly be expected, however, according to present appearances, that the funds can continue to be improved at an equally favourable rate ; and, in this view, it becomes unquestionably of great importance to ensure the accumulation of the annual contributions, free from every extraneous charge upon them that can possibly be avoided. This leads me to observe, what indeed should have been noticed in the statement of last year, that the receipts of this Society are free from one source of encroachment, which, in many of the English Life Offices (although fortunately the practice has not yet prevailed to any considerable extent in Scotland) is found to operate very prejudicially. I allude to a per centage allowed by way of commission to parties proposing assurances, though not the usual and accredited agents of the office. It is well known, and indeed the public advertisements of many Life Assurance Companies testify, that this charge on the premiums must be a very serious one. But from any such source of diminution the

funds of this Society have been wholly relieved, a moderate per centage being only allowed to the regularly constituted provincial agents of the Society, *and to no other parties whatever.*

In those provincial agencies, no great extent of business has hitherto been done. Indeed, both in the north and west of Scotland, the business transacted has been so comparatively trifling, as fully to prove that much yet remains to be done in extending throughout Scotland, generally, a knowledge of the invaluable benefits of Life Assurance. One district, indeed, in the south of Scotland, must be held to have formed an exception to this general observation, the proposals of assurance received from that quarter having been fully commensurate to any reasonable expectations that could have been formed of the success of the agency when constituted. But in almost every other instance these expectations have hitherto been disappointed; and, even in the case which has just been stated as an exception, much of the business done may probably be considered as having owed its origin to the strong evidence afforded by an early casualty among the members in that vicinity of the striking utility of Life Assurance. Although, therefore, in Edinburgh, and throughout the direct channel of intercourse with this city, it may be safely said that a general knowledge of, and desire to participate in the benefits of Life Assurance exists, yet there can be no doubt that a wide

field for exertion still remains in those quarters which fall more immediately within the scope of the provincial agencies.

In the administration of the Society's affairs during the past year, two measures have been adopted, which it may be proper very shortly to notice, in order to complete the slight Historical Sketch of the leading Transactions of the Society which I took the liberty of submitting to the last General Court.

The first of these that I would mention, although last in point of date, having been only finally approved of at the Quarterly Court held on the 5th instant, is the authorising assurances to be taken upon select lives to the extent of L.5000. This measure, however, has been accompanied by such regulations and arrangements as will tend, it is hoped, merely to expedite the obtaining of a sufficient number of assurances of this amount duly to average the risk, without exposing the funds of the Society, in the meantime, to any considerable hazard from assurances of this high class.

The other point to which I have alluded may probably appear to be of comparatively trivial importance. But as it answers well in practice, and has been found to give much satisfaction to the parties having claims on the funds of the Society, it may be proper to notice

It. I allude to the great facilities which are now given to the settlement and discharge of emerged claims. For some time it was thought that the safety of the Institution required that all the technical formalities of regular discharges, written on the usual stamps, should be resorted to for the discharge of emerged claims. The expense of such discharges necessarily fell on the claimants, and some instances occurred which led to an unfavourable contrast being thereby instituted between this and the more liberal practice of our southern neighbours, who in general were satisfied with the delivering up of the emerged policies, with an indorsement of discharge thereon. After a full and deliberate investigation, and after submitting the matter to counsel, the Directors came to be satisfied that, in all ordinary cases, a discharge in the most simple terms, indorsed on the policy by the party or parties having title thereto, was legally sufficient. They accordingly adopted a resolution to this effect, which has since been uniformly acted on; and the claims under emerged policies are now in all ordinary cases settled in the easiest way, *and without the smallest expense to the parties for the discharge thereof.*

During the past year, several claims have been settled, which have demonstrated, in the most striking manner, the great advantages arising to policies opened in this office. In those instances where the assurances were entitled to the benefit of the *bonus* declared at the last periodical investigation, the additions from the surplus fund, over and above the

sum originally assured, have amounted to 35½ per cent. an original policy for L.1000 having been increased to L.1354, 10s., and this increased sum accordingly paid to the holders of the policies or representatives of the assured. In the case of policies not so entitled, the additions have been of course less in amount, and proportioned to the respective periods of their duration. In cases (and one or two of those have occurred) where the parties have died within the period of five years after the date of assurance, the policies were not entitled, in terms of the regulations, to any additions from the surplus fund; but, in such instances of early death, the benefits of Life Assurance are sufficiently demonstrated without any *bonus*.

Upon the whole, in taking a retrospective view of the business and affairs of the Society during the past year, there appears to be ample room for congratulation to the members in every essential particular. The business of the Society, as indicated by the accession of new members, has increased in a remarkable degree, and there has been a corresponding addition to the annual revenue from contributions. The large increase of the accumulated fund has partially arisen from those new assurances, but necessarily in a much greater degree from the renewal premiums paid by old members; and here it may be remarked, that the very success of the Institution, and the public confidence which is now so strongly manifested in it, gratifying as that undoubt-

edly is, has nevertheless a strong tendency to abridge one source of profit which might be considered to arise from discontinued or surrendered policies, the inducement to keep up policies opened in this Society being of course strengthened by the additional value now ascribed to them. The funds are still accumulated at a rate of interest considerably exceeding that assumed in the calculations on which the Society's Tables are formed. The actual amount of emerged claims continues to be very far within the limits of the calculated amount, thus evincing the vigilant care exercised by the Directors in the admission only of select lives, and at the same time the perfect safety of the Society's Tables. There is just one other observation with which I shall conclude this Postscript to my Address of last year. I allude to the benefits of this Society being open, without discrimination, to all ranks. Accordingly, the List of our Members will be found to include some of the most exalted names in the Scottish Peerage,—several of the highest Judicial functionaries,—many of the first names at the Bar and among the learned professions,—numerous individuals connected with the landed and mercantile interests of the country,—and a rapidly increasing number of the Scottish Clergy, whose connexion with the Society has already had extensive influence in drawing public attention to its benefits. Indeed, among all classes of the community, a knowledge of these benefits is most rapidly advancing, and every succeeding week is adding to the list of the Society's members names

of the greatest respectability, and each, to a certain extent, exercising an influence within its own sphere in promoting the still wider dissemination of this knowledge. It is this consideration—this sort of geometrically increasing influence (if I may venture to use the expression)—which is now constantly in operation, that renders it difficult to foresee the extent to which an Institution of this kind, unlimited in its numbers, and of indefinite duration, may ultimately arrive. There are undoubtedly involved, in this very circumstance, considerations of the greatest importance, and which may ultimately require the most anxious deliberation; but, in the meantime, and in the present aspect of the Society's affairs, it only presents itself as a matter of congratulation. Let the increase in the number of the Members be as great and rapid as it may, so long as it admits of the same vigilant care being exercised by the Directors in the administration of the Society's affairs, and while the present Tables of Rates and Regulations for the Ascertainment and Distribution of the Surplus Fund continue to be acted upon, such increase can only lead to a corresponding increase in the usefulness and prosperity of the Institution.

The following LETTER from PATRICK COCKBURN, Esq. the Society's Auditor, was also read to the General Court, and ordered to be inserted in the Minutes.

Edinburgh, 14th January 1830.

DEAR SIR,

I regret very much, that, owing to the death of a near relation, which calls me suddenly off to the country, it will be out of my power to attend the General Court of the Society to-morrow. I have read over the Address which you propose to make to the Meeting; and I beg you will state that I concur in the Statements and Observations contained in it in every respect. In particular, I have to observe, that the actual amount of claims that have emerged during last year, is, according to a rough estimate made by an approximate method, little more than one-half of the calculated amount,—a result which I attribute mainly, if not wholly, to the great care with which the Directors have attended to the selection of lives.

I also beg leave to give my testimony to the great regularity with which the books have been kept and the business of the Office has been conducted, and to the increasing prosperity of the Institution.

I am, DEAR SIR,

Yours very sincerely,

PAT. COCKBURN,

JOHN M'KEAN, *Esq.*
Manager of the Scottish Widows'
Fund, and Life Assurance Society. }



SCOTTISH WIDOWS FUND AND LIFE
ASSURANCE SOCIETY.

Court of Directors,

1830-1831,

(All being Members of the Society of more than three years standing.)

PRESIDENT,

The Right Hon. The Earl of ROSEBERRY.

VICE PRESIDENTS.

The Most Noble the MARQUIS of TWEEDDALE.

The Right Hon. CHARLES HOPE, Lord President of the Court of Session.

*ROBERT DUNDAS, Esq. of Arniston.

*THOMAS FRANCIS KENNEDY, Esq. of Dunure, M. P.

EXTRAORDINARY DIRECTORS.

Louis H. Ferrier of Belleside, Esq.

John Stirling, Esq. accountant of the Royal Bank of Scotland.

James Gibson-Craig, Esq. of Riccarton, W. S.

Sir Francis Walker Drummond, Bart. of Hawthornden.

Andrew Clephane, Esq. Advocate, Sheriff-Depute of Fifeshire.

Andrew Duncan, M. D. Professor in the University of Edinburgh.

Lieut.-Col. Alexander Loraine, Deputy-Governor of South-Sea Castle.

David Falconer, Esq. of Carlourie.

Charles Neaves, Esq. Writer, Edinburgh.

John Thomson, Esq. Cashier of the Royal Bank of Scotland.

Leonard Horner, Esq. London.

John Cockburn, Esq. Wine Merchant, Leith.

Alexander Smith, Esq. Banker, Edinburgh.

*David Wardlaw, Esq. of Gogarmount.

*Thomas Beveridge, Esq. D. C. S.

*Horatius Cannan, Esq. W. S.

*John Gardiner Kinnear, Esq. banker, Edinburgh.

*Theodore Walrond, Esq. merchant, Glasgow.

*Alexander Pringle, Esq. of Whyt Bank.

*Robert Hope Moncrieff, Esq. writer, Perth.

ORDINARY DIRECTORS.

John Anderson, Esq. of Gladswood.
 Jas. S. Robertson, Esq. W. S.
 J. G. Hopkirk, Esq. W. S.
 Jas. Reid, Esq. Exchequer.
 R. Scott Moncrieff, Esq. advocate.
 Patrick Cockburn, Esq. accountant, Edinburgh.
 John Craig, Esq. merchant, Edinburgh.
 John Gibson, Esq. W. S.
 William Ellis, Esq. S. S. C.
 Robert Coldstream, Esq. merchant, Leith.
 Daniel Fisher, Esq. S. S. C.
 *William Berwick, Esq. brewer, Edinburgh.
 *Adam Wilson, Esq. D. C. S.
 *James Balfour Esq. of Pilrig.
 *William Mitchell, Esq. of Parsons-green.
 *Henry David Hill, Esq. W. S.

TRUSTEES.

James Gibson-Craig, Esq. of Riccarton.
 William Scott Moncrieff, Esq. accountant, Edinburgh.
 Patrick Cockburn, Esq. accountant, Edinburgh.
 William Mitchell, Esq. of Parsons-green.
 James Balfour, Esq. of Pilrig.

*Those marked * are newly elected.*

CONSULTING PHYSICIAN,

Professor ANDREW DUNCAN, M. D.

AUDITOR,

PATRICK COCKBURN, Esq.

HEAD OFFICE,

EDINBURGH, No. 5, ST ANDREW'S SQUARE.

JOHN M'KEAN, *Manager.*

(Where, or at any of the Agencies under-mentioned, Copies of the Tables, Forms of Proposals, and every other necessary information, may be obtained. All Letters must be Post paid.)

AGENCIES.

Glasgow,—James Mackenzie, Merchant, Albion Street.

Perth,—George Gardiner, Writer.

Dundee,—P. H. Thoms, Merchant.

Aberdeen,—A. and A. C. Geddes, Merchants.

Inverness,—Geo. Anderson, Solicitor.

Ayr,—Thomas McClelland, Banker.

Kelso,—John Waldie, Banker.

Lerwick,—James Greig, Writer.

NOTE.

The Rates of Contribution, either by Single or Annual Payments, for higher ages than those contained in the Annexed TABLES,—and also for all Assurances inferring *extra* risk,—may be learned on application at the Office in Edinburgh, or at any of the Provincial Agencies.

It is provided, by a bye-law of the Society, that the additions made, at each periodical investigation, to the existing assurances, may, at the option of the Members, in terms of the said bye-law, be converted into an equivalent reduction in the amount of annual contributions thereafter payable in relation to such assurances.

TABLE,

Shewing the Rates of Contribution (either in a single payment or annual payments during the given life) corresponding to L.100, payable six months after the decease of any Person, at whatever time the same may happen.

<i>Ages.</i>	<i>Single Payment.</i>	<i>Annual Payments.</i>	<i>Ages.</i>	<i>Single Payment.</i>	<i>Annual Payments.</i>
14	L.31 14 9	L.1 15 5	36	L.43 16 9	L.2 19 0
15	32 7 3	1 16 5	37	44 9 9	3 0 6
16	33 0 4	1 17 6	38	45 2 11	3 2 7
17	33 13 2	1 18 6	39	45 16 7	3 3 9
18	34 5 3	1 19 7	40	46 10 8	3 5 6
19	34 16 5	2 0 7			
20	35 7 0	2 1 6	41	47 4 9	3 7 5
			42	47 18 11	3 9 3
			43	48 13 2	3 11 3
21	35 16 7	2 2 5	44	49 7 10	3 13 4
22	36 5 8	2 3 3	45	50 2 9	3 15 6
23	36 14 10	2 4 1			
24	37 4 4	2 4 11	46	50 18 0	3 17 9
25	37 13 11	2 5 10	47	51 13 9	4 0 3
			48	52 9 10	4 2 9
26	38 3 11	2 6 10	49	53 6 5	4 5 6
27	38 14 0	2 7 10	50	54 3 1	4 8 4
28	39 4 4	2 8 11			
29	39 14 11	2 10 0	51	54 19 4	4 11 2
30	40 5 9	2 11 1	52	55 15 10	4 14 2
			53	56 12 6	4 17 4
			54	57 9 6	5 0 8
			55	58 6 10	5 4 2
31	40 16 11	2 12 3			
32	41 8 3	2 13 6	56	59 4 6	5 7 11
33	42 0 0	2 14 9	57	60 2 6	5 11 11
34	42 12 0	2 16 1	58	61 0 10	5 16 1
35	43 4 3	2 17 6	59	61 19 6	6 0 7
			60	62 18 6	6 5 4

EXAMPLE.

A Person whose age does not exceed 40 may secure L.100, payable upon his death to his heirs or assignees, by a single payment of L.46, 10s. 8d. or by annual payments of L.3, 5s. 6d. during his life; and so in proportion for a greater or lesser sum. Along with the first annual contribution there are payable, the stamp duty on the Certificate or Policy, and entry-money at the rate of 10s. for every L.100 assured.

FOR CAPITAL SUMS ON SURVIVORSHIPS.

TABLE

Shewing the Rates of Contribution (either in a single payment, or in annual payments during the joint continuance of the given lives) corresponding to L 100, payable six months after the decease of one person A, provided it happen before that of another person B.

Ages of		Single Payment.	Annual Payments.	Ages of		Single Payment.	Annual Payments.
A.	B.			A.	B.		
20	20	L.24 11 5	L.1 16 4	40	55	L.23 7 4	L.2 10 8
	25	23 15 2	1 15 11		60	20 15 5	2 8 11
	30	22 13 7	1 15 3	45	25	38 1 3	3 8 3
	35	21 8 11	1 14 4		30	36 16 6	3 7 4
	40	20 1 0	1 13 8		35	35 6 6	3 6 0
25	20	26 11 9	2 0 3		40	33 12 4	3 4 9
	25	25 14 9	1 19 9		45	31 11 2	3 3 3
	30	24 13 5	1 19 1		50	29 2 6	3 1 4
	35	23 9 4	1 18 5		55	26 10 9	2 19 4
	40	21 19 10	1 17 7		60	23 12 9	2 17 2
	45	20 8 11	1 16 8		65	20 8 4	2 14 10
30	20	29 1 7	2 5 2	50	30	41 4 0	3 19 10
	25	28 1 10	2 4 7		35	39 15 6	3 18 7
	30	26 19 7	2 3 10		40	37 19 8	3 17 3
	35	25 13 6	2 3 0		45	35 18 3	3 15 7
	40	24 3 10	2 2 2		50	33 7 0	3 13 3
	45	22 9 4	2 1 0		55	30 10 6	3 11 1
	50	20 12 3	2 0 0		60	27 6 7	3 8 5
35	20	31 19 10	2 11 5	55	65	23 14 1	3 5 6
	25	30 17 5	2 10 7		35	44 10 10	4 14 4
	30	29 14 6	2 9 9		40	42 15 8	4 12 10
	35	28 7 3	2 8 10		45	40 13 8	4 10 11
	40	26 14 4	2 7 9		50	38 2 0	4 8 8
	45	24 19 5	2 6 8		55	35 2 7	4 5 11
	50	22 17 6	2 5 4		60	31 11 11	4 2 6
40	55	20 14 4	2 3 10		65	27 10 7	3 18 10
	20	35 8 10	2 19 5	60	40	48 5 3	5 13 8
	25	34 5 9	2 18 5		45	46 5 0	5 11 10
	30	33 0 3	2 17 5		50	43 13 7	5 9 4
	35	31 13 0	2 16 7		55	40 14 2	5 6 4
	40	29 18 5	2 15 5		60	37 0 2	5 2 5
	45	27 19 2	2 14 0		65	32 9 4	4 17 7
	50	25 15 0	2 12 5				

EXAMPLE.

By a single payment of L.51, 15s. or by annual payments of L.2, 16s. 7d. a man, not exceeding 40 years of age, may secure to his wife or other relation, aged 35, the sum of L.100 at his decease, should she survive him, and so on in proportion, according to the sum secured.

FOR ANNUITIES ON SURVIVORSHIPS.

TABLE

Shewing the Rates of Contribution (either in a single payment, or in annual payments during the joint continuance of the given lives) corresponding to an annuity of L.10, commencing upon the decease of one person A, if another person B be then alive, and payable during the life of B thereafter.

Ages of A. B.		Single Payment.	Annual Payments.	Ages of A. B.		Single Payment.	Annual Payments.
20	20	L.36 14 7	L.2 14 3	45	25	L.55 8 6	L.4 19 4
	30	30 10 8	2 7 5		35	45 9 11	4 5 0
	40	23 17 4	2 0 0		45	34 11 6	3 9 2
	50	17 3 2	1 12 3		55	21 13 2	2 12 10
25	25	36 13 9	2 16 9	50	65	13 14 8	1 16 10
	35	29 12 8	2 8 6		20	67 4 8	6 6 6
	45	22 5 10	1 19 11		30	57 6 7	5 11 1
	55	15 3 10	1 11 2		40	45 16 3	4 13 3
30	20	43 13 7	3 7 11	55	50	33 8 6	3 13 7
	30	36 8 3	2 19 2		60	21 10 6	2 13 11
	40	28 8 7	2 9 6		25	70 5 8	7 4 7
	50	20 8 0	1 19 6		35	58 14 2	6 4 4
35	60	12 19 9	1 9 6	60	45	45 10 5	5 1 9
	25	44 6 6	3 12 7		55	31 14 8	3 17 7
	35	35 19 8	3 2 0		65	18 12 9	2 13 4
	45	27 1 3	2 10 7		30	73 5 7	8 6 6
40	55	18 8 2	1 19 0	65	40	59 18 6	7 1 2
	65	10 13 0	1 7 6		50	44 17 9	5 12 4
	20	53 12 10	4 9 11		60	29 10 9	4 1 8
	30	45 1 1	3 18 5		35	76 11 9	9 17 8
45	40	35 9 4	3 5 7	70	45	61 4 4	8 4 3
	50	25 10 3	2 11 11		55	44 5 2	6 6 8
	60	16 5 3	1 18 4		65	26 17 7	4 6 9
	65						

EXAMPLE.

A man aged 30 may secure an annuity of L.50 to his wife, of the same age (should she survive him,) by a single payment of L.182, 1s. 3d., being five times L.36, 8s. 3d., the sum specified in the Table. If he wishes to contribute by annual payments, he must pay five times L.2, 19s. 2d., or L.14, 15s. 10d. yearly, during the joint lives of himself and his wife; that is, the annual payment ceases upon the death either of the husband or wife.









